



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 21, 2008

S. 2041

False Claims Act Correction Act of 2008

As ordered reported by the Senate Committee on the Judiciary on April 3, 2008

S. 2041 would amend certain provisions of the False Claims Act (FCA), which allows a private individual with knowledge of past or present fraud committed against the government to file qui tam claims against federal contractors. In qui tam claims, such individuals (known as relators or whistleblowers) receive a share of any recovered claims against the government. CBO estimates that S. 2041 would have no significant effect on the federal budget. S. 2041 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

In most cases, the amendments that would be made by the bill would take effect on the date of enactment and apply to all civil actions filed before, on, or after such date. Specifically, the legislation would:

- Stipulate that individuals who present false claims to contractors, grantees, and others can be held liable under the FCA (under current law, that liability exists only for false claims presented to government employees);
- Permit qui tam suits by government employees, while allowing the government, under certain circumstances, to dismiss actions brought by a qui tam relator who is, or is related to, a federal employee;
- Bar waivers or releases of claims except as part of a court-approved settlement;
- Authorize a court, upon a motion by the Attorney General, to dismiss an action if, when it was filed, the same matters were disclosed in federal hearings or reports from the news media;
- Expand the court's authority to reduce the relator's share of proceeds under certain circumstances;

- Place a 10-year statute of limitations on the filing of civil actions against individuals who submit a false or fraudulent claim for payment; and
- Permit the Attorney General to delegate authority to other officials of the Department of Justice (DOJ) to issue a civil investigative demand against an individual possessing information relevant to a false claims investigation.

According to information from DOJ, each year its attorneys handle several hundred qui tam cases under the False Claims Act. In the past two years, the government has recovered more than \$5 billion from settlements and judgements in such cases. Because the proposed amendments would not appreciably change the workload of DOJ attorneys nor the monetary recoveries in such cases, CBO estimates that S. 2041 would have no significant impact on the federal budget.

The CBO staff contact for this estimate is Leigh Angres. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.